

NOTE 26 – SUBSEQUENT EVENTS

Long-Term Borrowing

In October 2008, principal in the amount of \$113.1 million was paid on the State's Multi-Modal General Obligation Tax-Exempt School Loan Bonds Series 2005C using proceeds from a draw on the DEPFA Credit Facility and as such, these became bank bonds. Interest is due on November 3, 2008 and will further occur on the first business day of each subsequent month. The interest rate is the Prime Rate.

In October 2008, principal in the amount of \$139.5 million was paid on the State's Multi-Modal General Obligation Taxable School Loan Bonds Series 2005B using proceeds from a draw on the DEPFA Credit Facility and as such, these became bank bonds. Interest is due on November 3, 2008 and will further occur on the first business day of each subsequent month. The interest rate is the Prime Rate.

In November 2008, principal in the amount of \$49.1 million was paid on the State's Multi-Modal General Obligation Taxable School Loan Bonds Series 2005B using proceeds from a draw on the DEPFA Credit Facility. Interest is due on December 1, 2008 and will further occur on the first business day of each subsequent month. The interest rate is the Prime Rate.

In November 2008, the State issued its General Obligation School Loan Refunding Bonds Series 2008A, in the aggregated principal amount of \$143.0 million as fully registered bonds bearing interest which is payable semi-annually commencing May 1, 2009. Proceeds of this issuance were used to refund \$27.5 million of School Loan Bonds, Series 1998, and \$113.1 million of Multi-Modal General Obligation Tax-Exempt School Loan Bonds Series 2005C.

In November 2008, the State Building Authority (SBA) issued its 2008 Revenue and Refunding Series I Bonds for \$192.3 million. This issue financed 17 new projects and refunded the 2005 Series II A/B bonds outstanding.

Short-Term Borrowing

On November 13, 2008, the State issued its \$900.0 million State of Michigan Full Faith and Credit General Obligation Notes, Fiscal Year 2009, Series A. The notes will mature on September 30, 2009, with an interest rate of 3.0%.

On December 17, 2008, the State issued its \$500.0 million State of Michigan Full Faith and Credit General Obligation Notes, Fiscal Year 2009, Series B. The notes will mature on September 30, 2009, with an interest rate of 3.0%.

In November 2008, SBA issued an additional \$20.8 million and retired \$134.8 million in commercial paper. Therefore, SBA's commercial paper outstanding is \$96.3 million, at a rate of .85%, maturing on February 12, 2009.

Long-Term Borrowing - Discretely Presented Component Units

Subsequent to their respective year-ends, the following discretely presented component units issued long-term debt (in millions):

	Bonds Issued
Michigan State Housing Development Authority	\$ 427.6
Michigan State Hospital Finance Authority	704.8
Michigan Municipal Bond Authority	180.8
Michigan Technological University	15.9
Saginaw Valley State University	12.6
Total	<u>\$ 1,341.7</u>

Disclosures regarding these bonds and transactions are available in the separately issued reports of the various organizations.

Disbursements to Local Units of Government - Discretely Presented Component Units

On October 27, 2008, funds totaling \$16.1 million were disbursed to qualified schools from the Michigan Municipal Bond Authority's School Loan Revolving Fund.

Executive Reorganization

On October 27, 2008, the Governor issued Executive Order 2008-20, which abolished the Michigan Broadband Development Authority (MBDA), a discretely presented component unit, and its board of directors effective December 28, 2008. The MBDA's responsibilities regarding broadband infrastructure assessment and development in the State were transferred to the

Michigan
Notes to the Financial Statements

Department of Information Technology. Any unexpended balances of appropriations, allocations, or other funds were transferred to the Michigan State Housing Development Authority, a discretely presented component unit.

Financial Market Decline

Financial markets have experienced severe volatility and consequently experienced a substantial decline in value. The long-term effects of this market volatility on any particular investment cannot be determined. However, the short-term effect of these events has had a material effect on the reported values of investments subsequent to year-end.